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RUEHCV/AMEMBASSY CARACAS 2769
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SUBJECT: BOLIVIA MOVING TOWARDS FORMALIZING TIES WITH IRAN

Classified By: EcoPol Chief Mike Hammer for reasons 1.4 (b) and (d)

¶1. (U) Bolivian press reported that President Evo Morales signed a commercial agreement September 5 with Iran's Ambassador to Venezuela Abdulat Zisan (alternate "Zifan") for the establishment of six milk processing plants. Morales noted the "historic" commercial agreement would be a start toward consolidating and expanding a bilateral friendship and diplomatic relations. He added he had "no fear" to establish relations with Iran, despite Iran's differences with the U.S. and characterized Bolivia as a country that would not submit to "imperialism."

¶2. (U) The agreement provides Iranian technical support and equipment, although no details or timeline were provided. Morales said he hoped the agreement would lead to 20 Iranian-constructed plants in the future. Zisan said the milk processing plant agreement could lead to Iranian cooperation in the Bolivia's hydrocarbon industry.

¶3. (U) Foreign Minister David Choquehuanca reportedly stated "the world should render full support for Iran's nuclear rights and peaceful nuclear activities" during his current visit to Iran (Fars News Agency). Choquehuanca is attending a meeting of the Non-Aligned States in Iran and has held bilateral conversations while there.

COMMENT

¶4. (S//NF) Although the bilateral Bolivian-Iranian relationship has been expanding under the radar for some time, the Bolivian government has tried to keep its growing ties with Iran quiet until this public signing ceremony. The Iranian official press covered an August 2006 bilateral MOU with Bolivia, but the Bolivian government did not publicize the MOU nor an earlier visit by Iranian diplomats in April 2006. Bolivian officials have downplayed the relationship in meetings with Embassy La Paz and characterized it as a token gesture to please Venezuelan President and Morales ally Hugo Chavez. Bolivian Vice President Alvaro Garcia explicitly told the Ambassador that Bolivia would not establish diplomatic ties. Morales has not publicized the

Bolivian-Iranian relationship until now, probably due in large part to the potential negative international scrutiny such ties would invite and negative domestic reaction to an increasing Venezuelan influence. Venezuelan President Hugo Chavez has been trying to advance the GOB/GOI relationship and Zisan traveled via a Venezuelan government plane.

¶5. (S//NF) Based on his public comments, it appears Morales may be seriously considering establishing formal diplomatic relations. Visiting Israeli Consul (based in Peru) recently told us he believed Bolivia is on its way to establishing ties. Although six milk plants is not significant, the agreement marks a significant change in attitude since January, when the Morales Administration passed on an Iranian invitation for a multilateral visit to Iranian nuclear facilities. Now not only is the Bolivian government publicly moving forward with relations with Iran, Evo is making a point of sticking it in our "imperialistic" eye. This is yet another example (attacks on USAID, justice branch, pushing opposition out of constitutional assembly process) in recent weeks of a radicalizing Morales Administration that appears to be listening more and more to Venezuelan advice.
GOLDBERG